



The Executive Summary

The Palestinian Strategic Report 2010

and the Expected Scenarios in 2011

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Introduction

The Palestinian Strategic Report (PSR) is issued annually by al-Zaytouna Centre for Studies and Consultations. Based in Beirut, this Centre is an independent think tank that focuses on strategic and futures studies, with special emphasis on the Palestine issue. The Centre's has a prestigious Board of Consultants composed of some senior researchers and experts.

Edited by Dr. Mohsen M. Saleh, an associate professor of Palestinian studies cum the Director-General of the Centre, this report studies, records and analyses the Palestine issue during 2010. It addresses the internal Palestinian scene, the Palestinian demographic and economic indicators, the land, and the holy sites. It also discusses the Palestinian Arab Islamic and international relations, the Israeli scene, the Palestinian resistance and the peace process. The report is scientifically documented, and supported by many tables, statistics and charts.

The following specialists have contributed in writing this Report: Dr. Jad Isaac, Dr. Johnny Mansour, Ziad Ibhaïs, Suhail Khalilieh, Prof. Dr. Talal 'Atrisi, 'Abdul-Hameed al-Kayyali, 'Abdullah Najjar, Majid Abu-Diak, Muhammad Jum'ah, Dr. Mohamed Nouredine, Prof. Dr. Moein Ragab, Hani al-Masri, Wael Sa'ad and Prof. Dr. Walid 'Abd al-Hay.

First: The Internal Palestinian Scene

The stalemate and obstruction continued in Palestine, as no significant steps had been undertaken during this year to end the schism between Fatah and Hamas, achieve national reconciliation, or to restructure the Palestine Liberation Organization (PLO) and to put the Palestinian house in order. This has negatively reflected on the totality of the Palestinian internal scene. The status quo continued in both the West Bank (WB) and Gaza Strip (GS), where each of them was governed by a group that has a completely different political vision from its counterpart. This constituted a formidable stumbling block in the way of conducting the presidential, legislative and municipal elections, though they were all overdue.

Notwithstanding the apparent progress that had been reportedly achieved during the meetings held between Fatah and Hamas in Damascus early 2010, the reconciliation issue had practically remained stagnant. This was particularly so after Egypt's retreat from its original position that the Egyptian reconciliation paper should be accepted verbatim, and its subsequent acceptance that a memorandum of understanding agreed to by all the factions be annexed to it. Though a number of pending issues had been resolved, including the central and judicial election committees and the provisional leadership that will be in charge until the restructuring of the PLO, the reconciliation agreement was not concluded largely because of the fundamental difference between Fatah and Hamas on all important security issues.

The PLO continued to be inactive and its institutions ceased to function. The meetings of its Executive Committee focused merely on providing legitimacy to the Palestinian Authority (PA)'s decision to embark on negotiations with Israel. In protest against this unilateral decision making by the leadership of the PLO on "the crucial issues," particularly its decision to resume negotiations with Israel, the Popular Front for the Liberation of Palestine (PFLP) shelved its participation in the meetings of the Executive Committee of the PLO.



Meanwhile the PA in Ramallah, under the presidency of Mahmud ‘Abbas, found itself in a deadlock because of the stagnation of the peace process and the refusal of the rightist Israeli government of Netanyahu to stop the settlement building in WB. Hence, ‘Abbas waved the option of resignation and dissolution of the PA, though he soon retreated, and declared that he will lead a move to return the Palestine issue to the United Nations (UN) Security Council instead of continuing in futile negotiations that failed to stop the settlement building.

Concurrently, Fayyad’s government in WB continued its program, declared in 2009, that strove to build the Palestinian state by September 2011. This building would be through the gradual establishment of the PA’s institutions in WB, the encouragement of peaceful popular resistance via rallies and demonstrations, and the boycott of Israeli produced in the Israeli settlements in WB.

Conversely, the security forces of Fayyad’s government consolidated their security coordination with Israel, and crushed any sort of armed resistance. It is worth mentioning here that this issue was predominantly behind the aggravation of conflict between Fatah and Hamas during the past few years, and it is still the stumbling block to all reconciliation attempts.

In another vein, the scandalous corrupt practices throughout the year of some prominent leaders of the PA in Ramallah were revealed, but no decisive punishment was imposed on any of the culprits.

Meanwhile, Fatah’s Sixth Congress of 2009 failed to settle the movement’s internal conflicts. On the contrary, a major conflict had erupted between Mahmud ‘Abbas, and Muhammad Dahlan, a powerful member of Fatah’s Central Committee, which ended by freezing the membership of the latter pending investigation of some charges against him, namely, incitement against the leadership of the PA and the PLO. Moreover, in an attempt to strengthen the hands of ‘Abbas versus Dahlan, a 451-member council was constituted to act on behalf of the general congress of the Movement.

The government of Hamas continued to administer GS, but it was mainly preoccupied with the ramification of the Israeli aggression of late 2008 and early 2009, and to lift the siege. This over consumed the effort of Hamas leadership in administering GS, and had, no doubt, negatively affected the Organization’s resistance program. Besides, was, of course, Hamas’ almost impossible task of ruling and resisting which required a delicate security balance with Israel. The situation, eventually, lead to a de facto, but undeclared, truce with Israel.

All in all, and due to the above factors in GS and the intensive security coordination between the PA and Israel in WB, Hamas’ resistance program had practically stagnated during 2010. However, the Palestinian resistance in GS continued, during that period, to improve its armament and training capabilities in anticipation of a fresh Israeli aggression. Moreover, the Palestinian fighters managed to wage some operations against the Israeli settlers in Hebron and Ramallah, which demonstrated the existence of the political will to pursue the resistance program, and had considerably improved its prospects and effectiveness.

As for 2011, the prospect of the success of the reconciliation between Fatah and Hamas had remained doubtful till the last moment, when the Palestinian factions, led by Fatah and Hamas, signed the Cairo reconciliation agreement, on 3/5/2011. However, in this tentative deal, an agreement was reached to resolve all pending issues, including the elections, the security issue and

the restructuring of the PLO. However, it is essential to record that notwithstanding its positive impact on the national Palestine issue, this agreement is just a first step towards the practical and actual end of schism, and towards finalizing the reconciliation on the ground. We should alert that the near future will constitute a real test of the seriousness and commitment of both parties to implement the agreement. Serious predicaments have led, in the past, to the collapse of previous similar agreements. Thus, in order to overcome those, a complete cooperation is required between all parties, who should distance themselves from all kinds of foreign intervention and pressure,

Second: The Israeli-Palestinian Scene

Broadly, the Israeli domestic scene during 2010 had been affected by a bundle of internal factors. Chief among those were the stumbling of the peace process with the Palestinians, the fragility of the governing coalition, and the tarnishing of Israeli's international image following its attack on the Freedom Flotilla. Another important factor was the financial and moral corruption cases of some current and former prominent politicians, notably Ehud Barak and Avigdor Lieberman, respectively the ministers of defense and foreign affairs of the current governing coalition presided by Benjamin Netanyahu,

In 2010, the Israeli society was increasingly leaning to the extreme right. This was reflected in the pressure exerted by Yisrael Beiteinu, led by Lieberman and Shas on Netanyahu, and even by his own party the Likud, particularly concerning the issues of freezing the settlement building and the negotiation with the Palestinians on Jerusalem, the borders and the Palestinian refugees. Moreover, Netanyahu was pressured also by the withdrawal of the Israeli leftist party, the Labour Party, from the governing coalition after a serious conflict among its leaders that led to the resignation of the Party's president Ehud Barak and his formation of a new party named Haatzm'ut (Independence). This accelerating drive towards the extreme right was also reflected in some racist manifestations throughout the year 2010 against the 1948 Palestinians. Racist laws against them were either enacted or initiated, of which the most prominent were: refusal of the government to allocate housing lands for them and to allow them to reside in Jewish areas, and the enactment of several racist laws that imposed loyalty to the Jewish state, prevented the commemoration of the *Nakbah*, and provided for the withdrawal of the Israeli citizenship, etc.

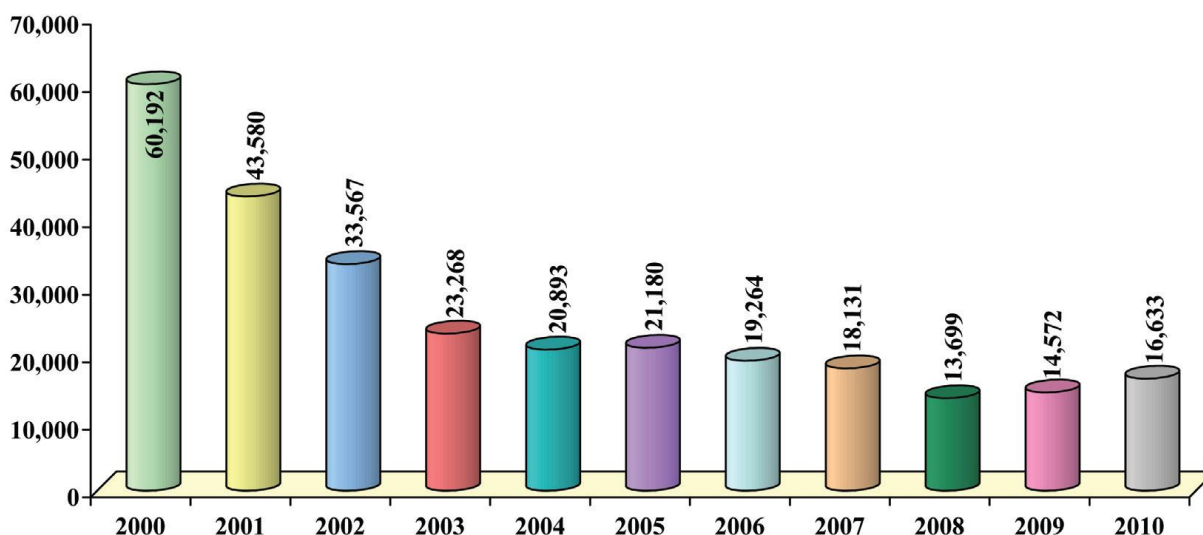
According to Central Bureau of Statistics (CBS), the population of Israel totaled by the end of 2010 about 7.7 million, of whom 5.8 million (i.e., 75.4%) were Jews and 1.57 million (20.5%) were Arabs. If we subtract the population of East Jerusalem and the Golan Heights, (about 295 thousand) from the latter figure, then the number of those known as the 1948 Arab Palestinians will be 1.28 million (i.e., 16.6%). The Bureau branded about 320 thousand persons as "others," who are mainly migrants from Russia, the countries of the former Soviet Union, and East European countries, whose Jewishness is not recognized, or from the non-Arab Christians. The Jewish settlers in WB, including East Jerusalem, were estimated at 580 thousand. The annual population growth in Israel was 1.9%, almost the same figure since 2003.

During 2010 Israel received 16,633 immigrants, compared to 14,572 in 2009. Notwithstanding this slight increase, the 2010 figures confirm the tendency of a general decline in immigrations to Israel since 2000, as most of the sources for this immigration had already been exhausted. Interestingly this decline in immigration to Israel coincides with a rise in counter immigration from Israel, about 15 thousand persons annually, and the stagnation in the growth of Jewish population



worldwide, except in Israel, which is not attributed to the decline in the natural growth, desertion of Judaism and the spread of mixed marriage.

Numbers of Jewish Immigrants to Israel 2000–2010

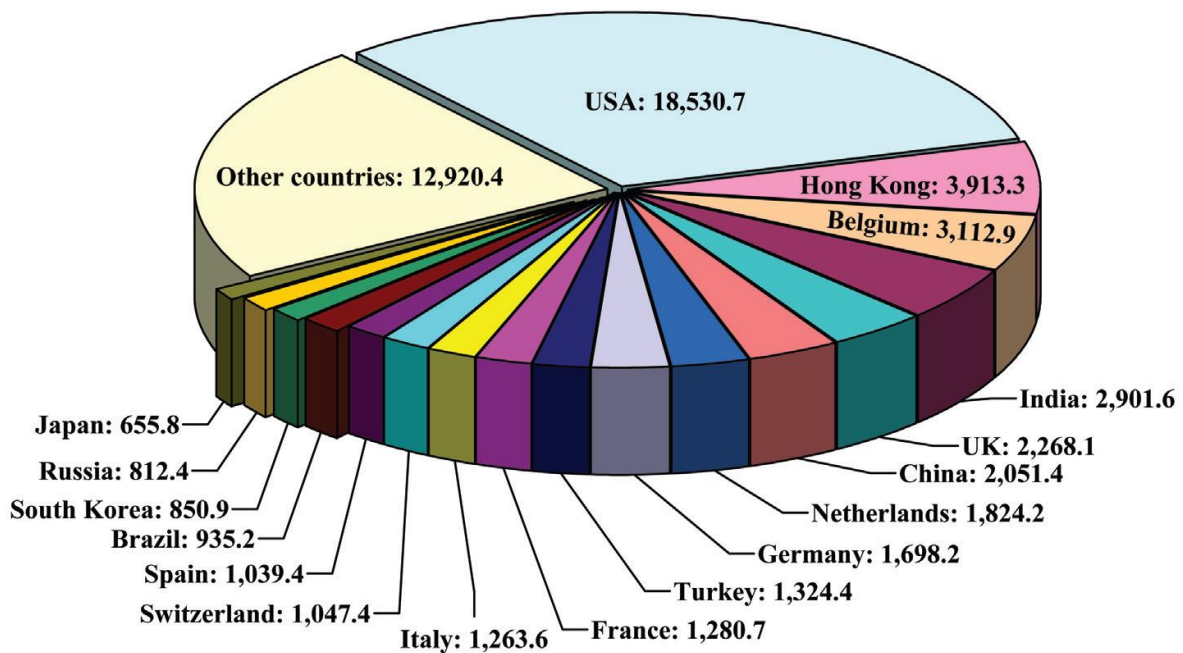


On the economic level, preliminary statistics reveal that the Israeli Gross Domestic Product (GDP) grew in 2010 by 4.6% from \$195.38 in 2009 to \$217.13 billion in 2010. If these dollar figures are converted into shekels, the rate of growth will be 5.5%. The per capita income had also increased from \$26,100 in 2009 to \$28,500 in 2010.

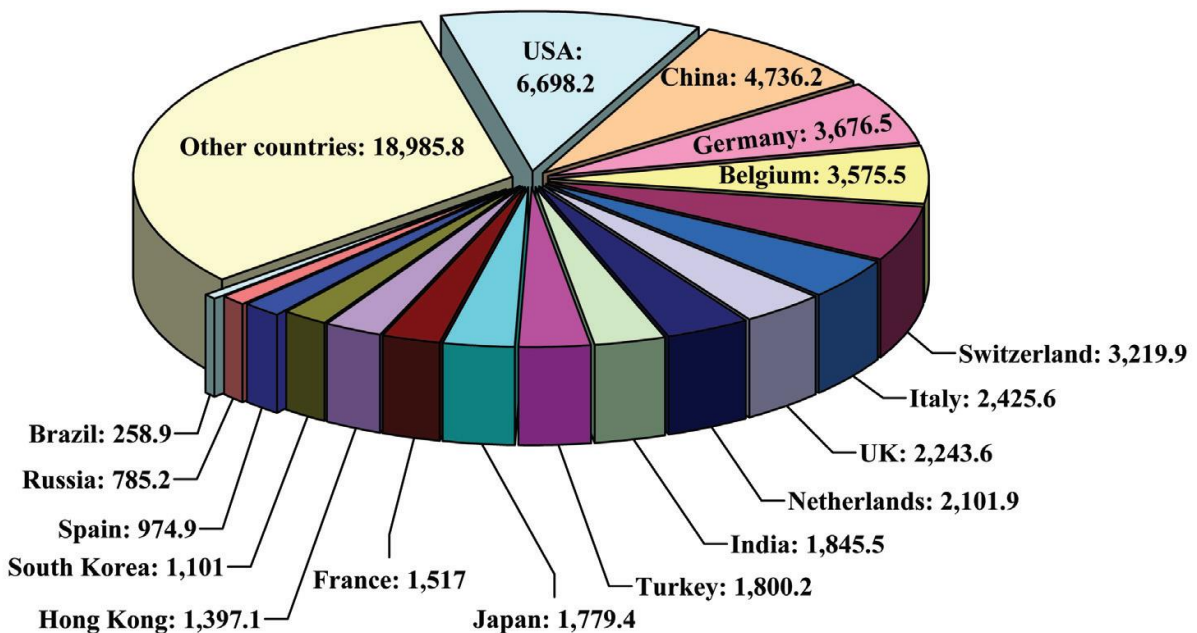
The size of both Israeli exports and imports had increased in 2010 by about 22% and 25% respectively, which demonstrates that the Israeli economy had to a large extent got rid of the negative repercussions of the global downturn. The United States remained to be in 2010 the main trading partner of Israel, as the Israeli exports to it totaled \$18.5 billion (about 31.7% of the total Israeli exports), followed by China to which Israeli exports increased from the last year, 2009, by 96.4%, while Belgium retracted to the third position.

In the same vein, in January 2011, the World Bank indicated that Israel had been modestly influenced by the global economic stagnation of 2009, and that the unemployment rate decreased from 7.7% in 2009 to 6.6% in 2010.

Israeli Exports to Selected Countries 2010 (\$million)



Israeli Imports from Selected Countries 2010 (\$million)



During 2010, the Israeli military establishment experienced “obsessions” similar to those of the preceding year. It focused on the Palestinian situation in general, Iran and its nuclear program, and the armament of what it called “radical forces” in the region, in reference to Syria, Hamas and Hizbullah; in addition to stability in neighboring Arab states. Meanwhile the Israeli military

establishment continued during 2010 to actively implement the Tefen 2012 plan that was submitted in 2007 after the summer 2006 war on Lebanon. It concentrated on steps to be taken to strengthen the army and to improve the capabilities of training, ammunition reserves, arms purchase, combat means, and armament. The declared Israeli military expenditure for 2010 totaled \$13.64 billion, while that of 2011 is expected to increase to \$15.12 billion.

Israeli continued in 2010 its aggression on the Palestinian people. However, an undeclared truce on the GS frontiers led to a sharp decrease of Palestinian missiles fired from the Strip towards Israeli towns and cities, and, in return, the stoppage of major Israeli operations on GS. Likewise, Israel enjoyed a truce in WB, where, as in previous years, security cooperation between the PA security forces and the Israeli army had noticeably increased. Throughout 2010, Israel continued the closure of GS's exits and intensified the siege, while its infiltrations and campaigns of arrests had continued in WB.

According to Israeli sources, the launching of missiles and bombs from GS towards Israeli towns and cities, as well as the surrounding Jewish settlements had substantially decreased in 2010, i.e., only 150 missiles and bombs, compared to 566 fired in 2009. In WB and Jerusalem, the Israelis recorded 455 attacks in 2010, compared to 636 in 2009. However, most of these operations were in the form of firebomb throwing.

During 2010, 98 Palestinians were killed by the Israeli soldiers and settlers in GS and WB, including Jerusalem, and 967 Palestinians and international supporters were wounded. Conversely, according to Israeli sources, nine Israelis were killed in 2010 by Palestinian operations, and 28 were wounded.

The Killed and Wounded Among the Palestinians 2006–2010

Year	Killed	Wounded
2006	692	3,126
2007	412	1,500
2008	910	2,258
2009	1,181	4,203
2010	98	967*

*Including international supporters.

Like 2009, 2010 was catastrophic for the Palestinians detained in Israeli prisons. In 2010 prisoners from the WB totaled 5,840 (excluding East Jerusalem), 714 from GS, and approximately 390 from East Jerusalem and from the Arab population inside Israel. Additionally, many were from different Arab nationalities. In 2010, the Israeli forces intensified their suppressive measures against the Palestinian prisoners. They took several racist decisions that legalized the policies of intervention and oppression against the Palestinian detainees, including a prominent law, "Shalit Law," named after the Israeli soldier captured by Hamas in mid-2006, and is still under its detention. Hamas conditions his release on the release of about one thousand Palestinian detainees

in Israeli jails. However, no swapping deal on this issue was concluded in 2010, notwithstanding the active German mediation during the year.

During the year 2010, Israel maintained the same strategy that it had pursued towards the domestic Palestinian situation since the political and geographical schism and the stumbling of the reconciliation efforts in 2007. Some Israeli studies maintain that Israel had adopted a dual policy that distinguished between the WB and GS. Certainly, the core of the Israeli strategy works within some fixed objectives, of which three objectives are particularly prominent. First, to maintain the occupation by keeping the Israeli settlements and confiscating land, as is the case in the WB; or through the control of land, sea and air exits, as is the case in GS. Secondly, to restructure the social fabric of Palestinian society in a way that ensures the continuation of the occupation. Thirdly, to abort economic development in WB and GS.

The peace process remained stagnant and deadlocked, and the US pressure on Israel to stop the settlement had been once more a total failure. Though initially achieved some progress, i.e., an agreement on indirect and then direct negotiations in return for a ten-month freeze of the Israeli settlement, the efforts that were exerted to resume the negotiations had ultimately collapsed because of Israel's adamant refusal to extend the duration of the freeze. Thus, the year ended with the same fiasco: stoppage of the negotiations, and a declaration of the failure of the US efforts to revive them.

With the above scenario coupled with the recent and ongoing dramatic developments in several Arab countries, particularly Egypt, the peace process is not likely to experience meaningful breakthroughs in 2011, particularly so after Israel's public declaration that it will not negotiate with Mahmud 'Abbas after his signature of a reconciliation agreement with Hamas, and the PA pursue to secure an international recognition of the Palestinian state, by September 2011. The probable Israeli scenarios in the foreseeable future alternates between three options: continuation of its policy of imposing *de facto* changes on the ground while trying to maintain the *status quo* for the longest possible time; or by pursuing unilateral solutions that imposes the Israeli vision of borders and the swapping of the lands and the inhabitants; or to revert to the option of the temporary Palestinian state without an agreement on the issues of the final status.

Third: The Palestine Issue and the Arab World

The feeble position of the official Arab regime towards the Palestine issue remained basically the same in 2010. For it failed to lift the GS siege or rebuild it and it didn't achieve any tangible progress concerning the Palestinian reconciliation. This weakness was also visible in its impotent position towards the Israeli oppressive practices, particularly settlement building, the Judaization of Jerusalem, the GS siege and the assassination of the prominent Hamas leader Mahmud al- in an Arab country.

However, the Arab region had experienced dramatic changes since early 2011, of which the first was the overthrow of Zain al-'Abidin bin Ali in Tunisia, which was followed by the downfall of Husni Mubarak in Egypt. These developments may be indicators of a positive interaction by the Arab official regime with the Palestine issue, particularly so if the changes continue, the political will of the new regime responds to the Arab masses, and the Palestinians utilize effectively these changes to serve their cause.



In 2010, the Arab political efforts focused on providing a cover for the Palestinian negotiator to engage in indirect, and subsequently direct, negotiations with the Israelis, but without having any effective role in securing progress on those negotiations. In fact, the Arab countries were susceptible to succumb to US pressure, and put pressure towards the Palestinian side.

Egypt continued during 2010 to be the main player in the Palestine issue, using its influence to support the peace process option. But the former Egyptian regime had largely yielded in this respect to the US demands, and focused on avoiding any stalemate in the negotiations at any cost. Thus, it was more inclined to urge the Palestinian side to be flexible and lenient. No wonder, for the increasing internal and external crises made the regime extremely sensitive to any US pressure. Moreover, it had been striving to maintain its grip over the country and promote Gamal Mubarak as the heir-apparent to his father, among the Egyptian people and to the world at large.

In the same vein, Egypt continued in 2010 to be the prime mover of the Palestinian reconciliation process, largely because of its desire to provide a conducive environment for the Palestinian negotiator. Moreover, it continued its effort to build the iron wall at its borders with GS, close the Rafah crossing and fight the border tunnels. On several occasions, it had even denied the passage of international aid caravans heading to GS via its territories.

However, the popular Egyptian revolution on 25 January 2011, which led to the downfall of President Hosni Mubarak and his principal aides will certainly have direct repercussions on the Palestinian settling. Most likely it will generally have a positive impact on the Palestine issue and the official Egyptian handling of several Palestinian concerns, particularly so if this revolution achieved its main objective of establishing a new political system that expresses the true political will of the Egyptian people. A couple of recent developments indicate that this may be the case, namely Egypt's patronage of the Palestinian reconciliation agreement and its position towards the siege of GS. But Egypt will most probably be preoccupied in the foreseeable future with putting its house in order.

The official Jordanian handling of the peace process remained basically the same in 2010. But Jordan has been extremely worried by Israeli's persistent demand of settling the Palestine issue, particularly the refugees' problem, at the expense of Jordan through the notion of an alternative homeland, as this directly threatens the country's national security.

However, the concerns over the probable settlement of Palestinians in Jordan had provoked a controversy over the withdrawal of the Jordanian citizenship from citizens of Palestinian origin. For the Jordanian government had emphasized that this is a necessary "corrective measure" that is in line with the provisions of the 1988 decision of disengagement from WB. Jordan had, in fact, frequently called for the withdrawal of the yellow identity cards from the Palestinians of WB, who are viewed as full-fledged Jordanian citizens. Moreover, the Jordanian authorities had taken measures to press the inhabitants of Jerusalem residing in Jordan to correct their status by renewing the permits granted to them by the Israeli authorities lest they lose their rights to reside in Jerusalem. To do this, they have to change their yellow IDs (Jordanian citizens residing in WB) to green IDs (Palestinian citizens residing in Jordan), which, in effect, means the withdrawal of the Jordanian citizenship from them.

But official figures show that in 2010, only 818 yellow cards holders were given green cards, whereas 8,473 green cards holders were yellow ones (after they corrected their status in accordance with the dictates of the disengagement decision). These figures show that the issue is related to a

limited number of individuals, thus it should not have been politicized or considered a controversial issue.

As for Syria, it continued to lead the Arab Refusal Front, and to host Hamas and other Palestinian factions in the diaspora. It refused the resumption of negotiations between the PA and the Israelis, which strained its relations with Ramallah and President 'Abbas, and consequently limited its ability to have an effective role in the Palestinian reconciliation process. Nonetheless, Syria hosted in September and November 2010 two meetings between Fatah and Hamas for reconciliation.

In a related vein, the deadlock on the Syrian-Israeli negotiations continued in 2010, amidst Israeli threats to launch a war against Syria. But the latter managed to manage this crisis through a parallel stern warning on the aftermath of any attack on Syria or Lebanon. The trio summit held in February 2010 between the Iranian and Syrian presidents and the secretary-general of Hizbullah Hassan Nasrallah sent a strong message in this respect.

In Lebanon, there was a partial improvement in the rights of the Palestinian, where there was a heated controversy in the parliament on some draft laws, presented by the parliamentary bloc of Walid Jumblatt that give the Palestinians a bundle of civil rights, notably the rights to work, possess property and benefit from the social security system. These bills stirred heated discussions in the March 8 Alliance and the March 14 Alliance, where the Christian MPs on both sides opposed these laws, unlike their Muslim counterparts. Finally, a compromise was reached whereby the Palestinian refugees were given, like other foreigners, the right to work in certain sectors provided they get a labor permit. They would benefit from the remunerations of the end of service according to the social security law, and from a special fund set up for this purpose.

But these concessions did not include the rights to possess property, which had been indefinitely postponed, and the Palestinian refugees were also deprived from employment in major professions that continued to be reserved for the Lebanese. It is worth mentioning here that the traditional Lebanese political rivalries and the fear of settlement have a major impact on the issue of the civil rights of the Palestinian refugees.

In another vein, Israel continued its warnings of launching war against Lebanon and Hizbullah, to which the secretary-general and the leaders of Hizbullah responded by threatening Israel with the grave consequences of any new aggression against Lebanon. The latest of these warnings, addressed in early 2011, indicated the possibility that Hizbullah fighters would control some areas of the Galilee if Israel dared to wage a new war on Lebanon.

Meanwhile, Saudi Arabia played in 2010 its usual role as part of the moderate Arab axis, and continued its financial support to the Palestinians. As for the Palestinian reconciliation, the Saudi role was restricted to supporting the Egyptian efforts in this respect, especially when Riyadh considered that Cairo was against the involvement of other parties in this issue.

In 2010, the most important development in the Arab Gulf region at large was the assassination of Hamas leader Mahmud al-Mabhuh on 19/1/2010, in Dubai, which the Mossad was accused of being behind the attack. The Arab-Gulf position towards this incident was far less serious compared to the gravity of the crime, as all the reactions and statements on the operation were released by the police of Dubai, and not by the political leadership of the United Arab Emirates.

However, it should be recorded that the Dubai police had demonstrated high professionalism handling this crime, and in disclosing the details of the assassination plot as well as the culprits behind it. But the investigations could not reach a logical ending because of the Israeli massive influence worldwide.

As for the normalization with Israel, it remained confined to the limited official level in the countries that have signed peace agreements, specifically Egypt and Jordan; Given the state of widespread public hostility to Israel in all Arab countries.

As for the Arab public opinion in 2010, the public support of the Palestine issue increased, denouncing the violations of the occupation and its policies, especially after the attack on the Freedom Flotilla in May 2010. However, the continuation of Judaization and the escalations in Jerusalem and *al-Aqsa Mosque*, were not matched by the same level of reaction at the popular or official Arab levels, although these attacks far exceeded those that sparked the outbreak of *al-Aqsa Intifadah* in September 2000.

Nevertheless, the changes taking place in the Arab world and the protests for change that included calls to support Palestine, promise more popular and official interaction with the Palestine issue in the coming period.

Fourth: The Palestine Issue and the Muslim World

The position of the Organisation of the Islamic Conference (OIC) towards the Palestine issue did not witness any significant change in 2010. It has kept issuing statements of condemnation and denunciation of the Israeli violations, demanding the lifting of the siege. At the same time, the discrepancy between the official and popular positions of the Muslim world on this issue was clear, as the popular position in support of Palestinian rights escalated to the level of actual attempts to end the GS siege.

The OIC was admittedly instrumental in persuading the UN Human Rights Council (HRC) to endorse a resolution that condemned the Israeli attack on the Freedom Flotilla on 31/5/2010. It continued its projects to rehabilitate and maintain the Palestinian houses that were damaged by the Israeli aggression on GS, in the late 2008 and early 2009. However, the OIC had largely paid lip service to the Palestine issue, which was neither up to the grave developments on the ground, nor had a strong impact on the major concerns of the Palestinians, namely the Palestinian-Israeli negotiations, GS blockade and the reconciliation project.

Following the killing of nine Turks by Israeli soldiers on the Freedom Flotilla, the Turkish-Israeli relations deteriorated to their lowest ebb. This tension had negatively affected the Turkish role in issues that are directly or indirectly related to the Palestine issue. Amongst those are the Turkish mediation between Israel on one side and both Syria and the Palestinians on the other side; amongst the Palestinians themselves; and the Turkish aid to WB and GS. However, the Turkish discourse continued to be supportive to Palestinian concerns, particularly GS and Jerusalem, and this support and sympathy had, in fact, become increasingly vocal and sentimental.

However, despite the profound impact of the Flotilla's attack on the official relations between Ankara and Tel Aviv, and the increasing hatred of Israel in the Turkish street, the Turkish reaction to the aggression was not on par with the incident itself. Moreover, according to the Turkish

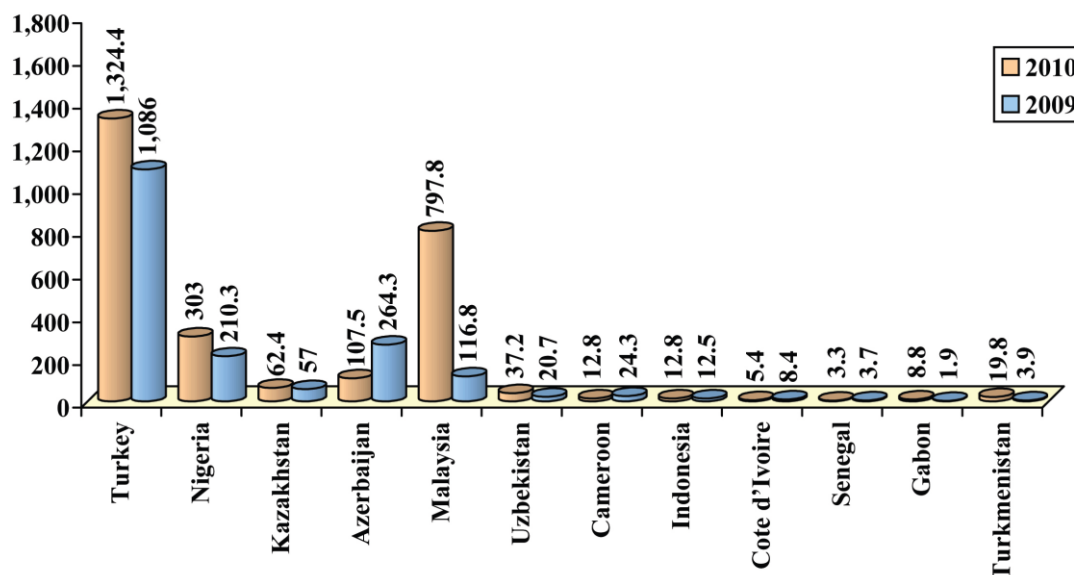
Statistical Institute (TurkStat), the trade volume between the two countries had increased in 2010 by 32.6% to be \$3,439.7 million, compared to \$2,597 million in 2009. The Turkish exports to Israel totaled about \$2,080 million in 2010, compared to \$1,552 million in 2009, while the value of Turkey's imports from Israel was around \$1,360 million, compared to about \$1,074.7 million in 2009. Turkey had evidently considered the Freedom Flotilla incident an international attack spearheaded by Israel. But, at the same time, it realized that its position towards Israel is part of its relations with the West and the European Union (EU). Hence, it avoided escalation that may expose it to massive and harmful western pressure at a time when its power, role and influence were profoundly developing. Nonetheless, it is farfetched that the Turkish-Israeli relations would return to their previous status because of the bitter feeling and the grave insult this attack has made to Turkey.

As for Iran, it maintained in 2010 its regular position towards the Palestine issue, namely opposition to the peace process and rejection of the Palestinian-Israeli negotiations, as well as doubting the legitimacy of the Palestinian negotiator. Moreover, it demanded the lifting of the GS blockade, though in a mild tone because of its preoccupation with internal economic and political issues. However, the Iranian support to the resistance is likely to be maintained, particularly because of the accelerating events and changes in the region that may open up new horizons for the resistance project.

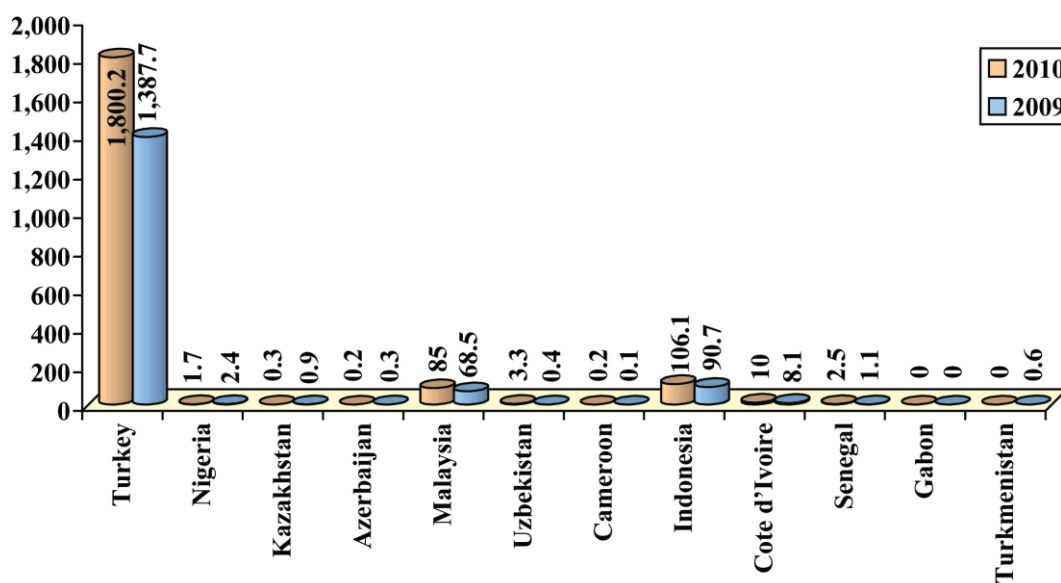
Malaysia, Indonesia and Pakistan continued their official and popular support to the Palestine issue, but without significantly affecting it. Moreover, the volume of trade of these and other Muslim countries with Israel remained relatively and proportionately stable, with the exception of Malaysia whose trade with Israel had significantly increased, from \$185.3 to \$882.8 million in 2009 and 2010 respectively, i.e., an increase of about 376%.

Israeli Exports to a Number of Non-Arab Muslim Countries 2009–2010 (\$million)





Israeli Imports from a Number of Non-Arab Muslim Countries 2009–2010 (\$ million)



Fifth: The Palestine Issue and the International Situation

The international diplomatic efforts to resolve the Palestine issue had in 2010 once more failed to achieve progress in any of the major issues, namely, to accelerate the peace process by persuading the Israeli government to extend 10-month settlement moratorium which began in 2009 by another ten months, and convince the Palestinians and Israelis to return to the negotiation table. In addition, the international community failed to lift the Israeli blockade of GS, which is continuing to this day.

Meanwhile, the efforts of Obama's administration to convince the Israeli government to extend the freezing period of the settlement had utterly failed. The US government had even publicly

declared that it no longer considers the stoppage of the settlement a necessary measure to provide a conducive environment for the continuation of negotiations between the PA and Israel.

Though a crisis appeared to have developed between Washington and Tel Aviv because of the tactical discrepancy on their positions towards the settlement, their strategic relations are still too profound to deteriorate at the moment. This was demonstrated by Washington's total commitment to Israel's security, and its refrainment from taking any tangible measures to make it freeze the settlement building. In fact, all that the US administration did was diplomatic pressure that was accompanied by an offer of lucrative aid to Israel. Moreover, the US motive for achieving a peaceful settlement is actually to serve Israeli objectives, and prohibit having conducive conditions that would increase the power and popularity of the Palestinian and regional anti-peace process forces.

The weakness of the Palestinian position and its susceptibility to US pressure in a quicker and more extensive manner than that of Israel, coupled with the inclination of the Arab side to exert pressure on the Palestinians in order to facilitate the settlement of the conflict were contributory factors for focusing the US pressure on the Palestinian side.

In 2010, the European position was generally in tandem with that of US, though Israel was less comfortable with the European diplomatic activity, compared to that of the US, because of increasing evidences of a slowly growing misunderstanding between European countries and Israel. For the EU has been rejecting settlement building, and some of its members took practical measures to express this rejection. Moreover, there were European calls to lift or relax the siege of GS, and there were visits by EU members of parliament and officials to GS, amongst whom was Catherine Ashton, the EU's High Representative for Foreign Affairs and Security Policy. Additionally, was the temporary strained European-Israeli relations owing to the use of forged European passports by the Mossad in its operation to assassinate Mahmud al-Mabhuh, a Hamas leader, in Dubai in January 2010.

As for the Middle East Quartet (UN, US, EU and Russia), it was generally subservient to the US, and its role remained marginal except when the US needed the intervention of some or other of its members in a rescue operation, or to relax some of the complexities. However, following the Israeli attack on the Freedom Flotilla, members of the Quartet had openly and clearly demanded the lifting of the Israeli GS siege. But once Israel and the US absorbed the political shocks, the Quartet once more become ineffective, and largely irrelevant. Besides, the Quartet's rejection of the settlement was merely formal and symbolic, as it took no concrete and practical measures to back it up.

In another vein, the positions of Russia, China and Japan towards the Palestine issue remained pragmatic and governed by their own interests. However, Russia, who had dealt with all parties, developed relations with Israel in various fields, notably in the military arena. Similarly, its relations with Hamas had become closer, as demonstrated by a meeting around May 2010 in Damascus between the Russian President Dmitry Medvedev and the President of Hamas' political bureau Khalid Mish'al. However, Russia was primarily concerned with persuading Hamas to join the negotiations in one way or another, and to guarantee that it will not undertake any operation that may delay the peace process.

The UN Secretary-General Ban Ki-moon has taken soft position toward the implementation of the Palestine-related UN resolutions, and none of the UN bodies had taken a firm action against



the Israeli settlement, violations, and the GS siege. However, an HRC fact-finding mission considered this siege “illegal,” because it was imposed at a time when the Strip had been experiencing a humanitarian crisis. Moreover, the committee ruled that Israel had violated international law by its attack on the Turkish Mavi Marmara ship, which spearheaded the Freedom Flotilla to break the GS siege.

On the other side, the unofficial international positions in 2010 vis-à-vis the Palestine issue were more advanced than their official counterparts. For there was active global activity to end the GS siege, while the international public opinion had unfavorable views of Israel, particularly after the Israeli attack on the Freedom Flotilla, and the revelation of the details of the Mossad’s operation to assassinate Mahmud al-Mabhuh in Dubai, in which false European and foreign passports were used.

As for the future, the option of “temporary state” seems to be strong and the international-US-European efforts in 2011 most probably will support it. Hence, Israel would continue its strategy of imposing realities on the ground, especially in the absence of official Arab-Palestinian policies that would exploit the current and ongoing profound changes in the region—and the US economic, military and political exhaustion at both the regional and international levels—and make the international pressure on the Israeli side rather than the Palestinian.

Sixth: The Land and the Holy Sites

The Israeli aggression on the Islamic and Christian holy sites had increased in 2010, whether in historical Palestine in general or Jerusalem in particular. It has become clear that the Judaization of Jerusalem is a primary concern for Israel, in addition to the notion of the “Jewishness of the State.”

It has become crystal clear that the Israeli government is striving to take advantage of the right political moment and divide *al-Aqsa* Mosque between the Muslims and the Jews. Under Israeli forces protection, the mosque witnessed 55 incidents of storming, by Israeli security forces, officials and extremists, during the period 22/8/2009–21/8/2010, compared to 43 during the period 22/8/2008–21/8/2009. It is worth mentioning that the largest storming of *al-Aqsa* Mosque since its occupation in 1967 had taken place on 10/5/2010, when a group of 43 rabbis broke into the mosque, protected by the Israeli police. Evidently, these abundant stormings, which were masterminded by some extreme Jewish societies, aimed at making the “temple mount” a centre for Jewish religious activities. For these societies had consistently called for the storming of the mosque on all Jewish festivals and religious occasions.

Moreover, archaeological excavations and tunnels beneath and around the mosque had increased at an unprecedented rate; from 25 by 21/8/2009 to 34 by 21/8/2010. They almost formed a connected city that has several exits and entries, as 13 excavations were completed and made accessible to visitors. These excavations led to a number of cracks and collapses within and around the mosque.

Besides, the biggest Jewish landmark, namely the Hurva Synagogue, was built in 2010, and some Jewish groups declared that they are working on building a taller synagogue, nearer to *al-Aqsa* mosque, named Tiferet Yisrael Synagogue, which they expected to be opened in 2011.

Additionally, in cooperation with some extremist Jewish organizations, the Jerusalem municipality made the fences and outside gates of the mosque as squares for noisy Jewish festivals, which totaled more than seven during the period November 2009 – October 2010.

In addition to *al-Aqsa* mosque, the Israeli forces had violated the sanctity of the Islamic holy sites in Jerusalem, especially the Mamilla Cemetery, where razing and construction operations continued for the benefit of establishing the Center for Human Dignity–Museum of Tolerance Jerusalem (MOTJ) that will be built by the Israeli authorities on parts of the cemetery. They also extended the areas of their excavations beneath the old town in two directions: the first track reaches the farthest point west in the Old City under the Jaffa Gate. It is believed that part of it passes under the Church of the Holy Sepulcher or under its periphery. As for the second track, an elevator was proposed to connect the Jewish Quarter to the Western Wall Plaza.

Moreover, the Israeli authorities continued their drive to change the names of Jerusalem's landmarks, quarters and streets to Jewish names. They also pursued their project of rehabilitating the gates and fences of the old city through which they changed their architectural style and introduced sculptures and stones that have candlesticks, stars and other shapes in an attempt to give them a falsified Jewish identity.

Similarly, the Christian holy sites were subject to aggression, such as setting the Jerusalem Alliance Church in West Jerusalem on fire, on 29/10/2010,. Meanwhile, the repercussions of the deals made by the deposed Patriarch Irineos I on the lands of the Orthodox Church have been gradually disclosed. It is worth noting that the Israeli policies had also led to a sharp drop in the percentage of Christian residents, and reached the lowest level in centuries. While it constituted 20% of the town's inhabitants in 1948, this percentage dramatically decreased to 2% only.

Within its persistent drive to Judaize Jerusalem, the occupation continued to implement various measures to compel the Palestinians to “voluntarily” migrate from the town. It deliberately made their living conditions extremely intolerable, deprived them from the right to stay in the town under various pretexts and destroyed their houses, 39 during the year 2010 alone. Moreover, to control the center of the town geographically and demographically, the occupation continued its policy of controlling the Palestinian quarters in the town, and, at the same time, extending the Jewish settlements in certain directions to connect them geographically.

With regard to the Islamic and Christian holy sites in the rest of WB and the 1948 occupied territories, the most devastating Israeli aggression was on 21/2/2010, when the Israeli government announced a Jewish heritage list that included 150 religious and heritage sites; among them mosques and Islamic sites, such as the Ibrahimi Mosque in Hebron, Rachel's Tomb in Bethlehem, the Old City's walls, the town of Silwan, Jerusalem's hills, the mountains of Ebal and Gerizim in Nablus, Marj Ibn 'Amer (Meadow of Amr's Son) in northern Palestine, and the Twins Cave west of Jerusalem. Moreover, a number of mosques and cemeteries in WB and the 1948 occupied territories were sometimes deliberately attacked and set on fire, e.g. the arsons by Jewish settlers of the main mosque in al-Lubban al-Sharqiya in the south of Nablus and al-Anbiya' Mosque of Bait Fajjar town near Bethlehem, in 4 May and 4 October, 2010 respectively.

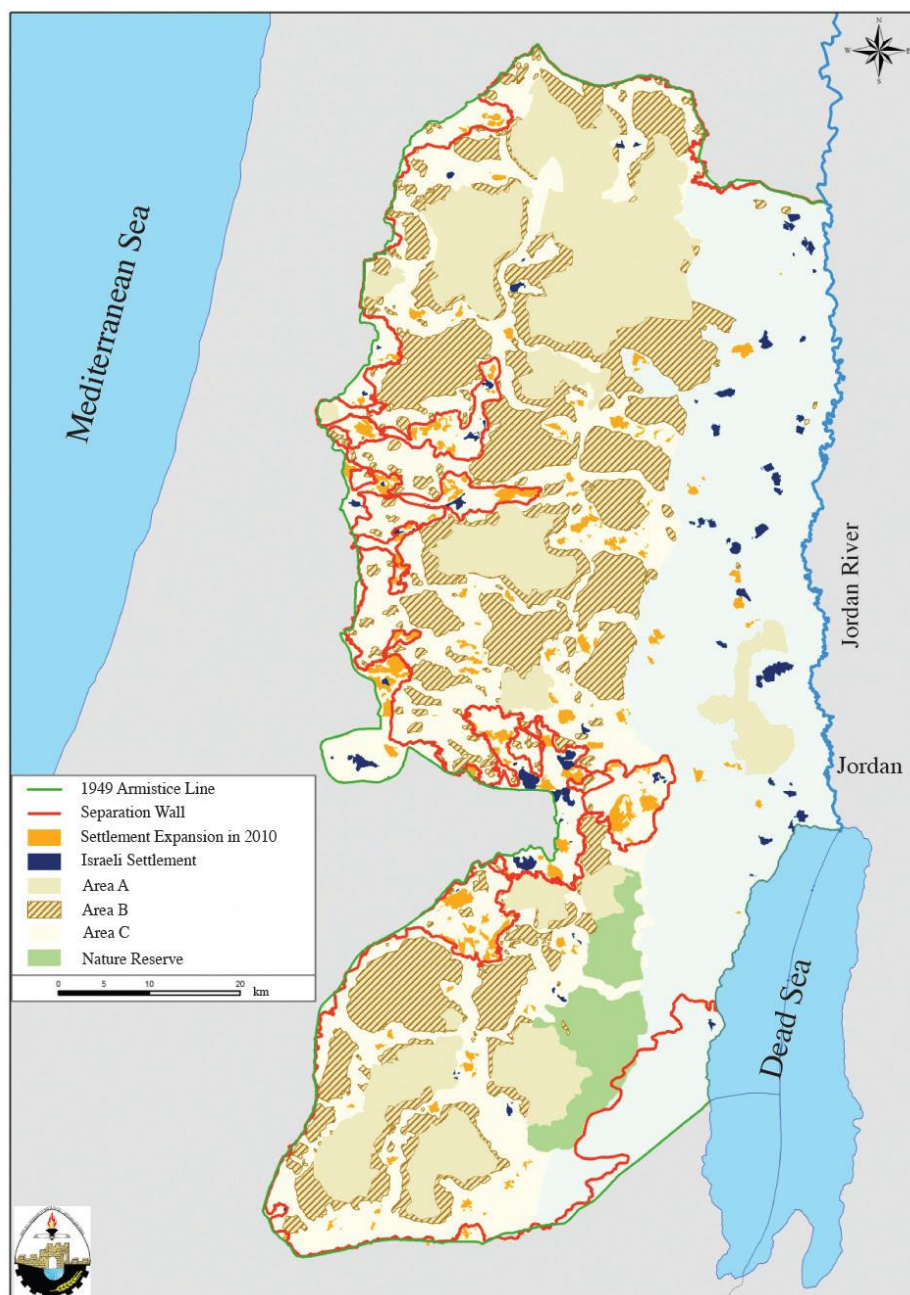
Though Netanyahu's government had declared in November 2009 a freeze of the settlement for ten months, Jerusalem was exempted from this decision. In fact, the extension of the settlement in Jerusalem was actively pursued in 2010, by launching three new settlements in and around the town. During the freeze period, the number of constructed residential units in Jerusalem, and those



that were under construction, reached 700; contracts for 392 units were prepared for implementation; and plans to build 3,010 residential units in the city were approved. Towards the end of the freeze period on 27/9/2010, the Israeli government declared a huge number of new settlement extensions, 37,684 housing units, of which 12,050 are in Jerusalem. All in all, the settlements' construction in 2010 was huge, as Israel had built 1,819 buildings and houses that included 7,276 housing units in 133 settlements in WB, including Jerusalem. The number of settlers in WB, including Jerusalem, was more than 580 thousand settlers, distributed in around 200 settlements. In another vein, the occupation demolished 140 houses in WB excluding Jerusalem, confiscated or destroyed 13,149 donums of largely agricultural lands, and uprooted 10,364 trees. The settlers' destruction or burning of olive trees at the beginning of the harvest had evidently become an extensive phenomenon, particularly in the villages surrounding the city of Nablus.

While the geographical status of the Separation Wall did not experience any significant changes during 2010, the occupation's exploitation of the sources of water in WB continued. The Israeli restrictions imposed on the Palestinians consumption of water are still in place, while Israel consumes about 85% of the WB water.

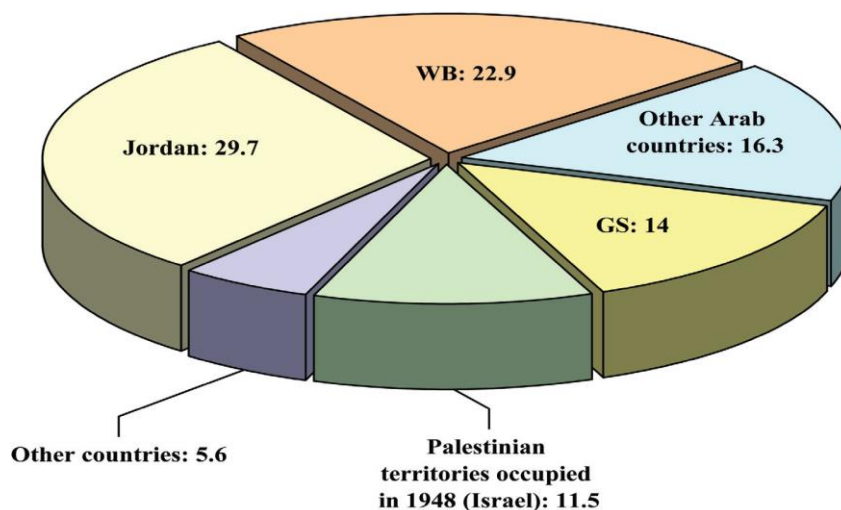
Map: The Settlements That Underwent Expansion During 2010 in WB



Seventh: The Palestinian Demographic Indicators

The Palestinian Central Bureau of Statistics (PCBS) estimated the number of Palestinians worldwide at the end of 2010 to be 11.14 million, of whom more than half, i.e., 5.75 million individuals live in the diaspora. The rest, 5.39 million (48.4%) live in historic Palestine as follows: about 1.28 million in the 1948 occupied territories (Israel), and around 4.11 million in the 1967 territories, of whom 2.55 million (i.e., 62%) live in WB, and the rest, 1.56 million (i.e., 38%), in GS.

Palestinian Population Worldwide Estimate According to Their Place of Residence at the End of 2010 (%)



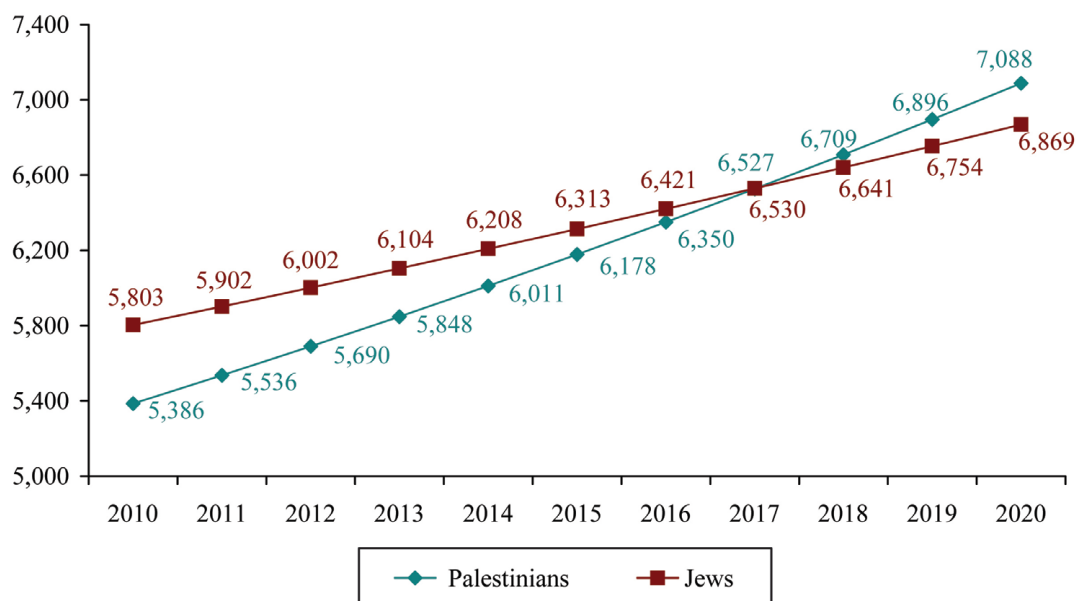
The refugees continue to constitute more than two thirds of the total number of the Palestinians in the world. In addition to the 5.75 million Palestinians living in the diaspora, 1.8 million refugees live in WB and GS, besides 150 thousand refugees expelled from their land and still reside in the 1948 occupied Palestine. Thus, the total number of the Palestinian refugees is about 7.71 million persons, i.e., around 69.2% of the Palestinian people. By 30 June 2010, the UN Relief and Works Agency for Palestine Refugee (UNRWA) estimated the Registered Palestinian Refugees (RPRs) to be around 4.82 million, but this figure does not include many refugees who have not yet registered with this agency either because they do not need its services or because they are residing in countries in which it has no offices, such as in the Gulf, Europe and the US.

A study of the Palestinian demographic indicators in WB and GS shows that by the end of 2010 the number of those in the age group of less than 15 years constitutes 41%, with a significant difference between WB and GS, i.e., 39% in the former, compared to 44% in the latter. The percentage of the senior citizens (above 60 years of age) in both regions is about 4.4% of the total population; 4.9% in WB and 3.7% in GS.

The statistics show no change in the Palestinian population growth in 2010, compared to the previous year, as the overall percentage of natural growth in both WB and GS remained to be 2.9% (2.7% in WB and 3.3% in GS). However, this percentage is relatively high, compared to other countries and the society of Jewish settlers in Palestine.

If the current rates of population growth remain intact, i.e., 2.4% for the 1948 Palestinians and 1.7% for the Jews, the numbers of Palestinians and Jews in historic Palestine will be the same in 2017, when each population will be around 6.53 million. However, by the end of 2020, only 49.2% of the population will be Jews, as their number will reach 6.87 million as opposed to 7.09 million Palestinians.

Estimated Population Count of Palestinians and Jews in Historic Palestine 2010–2020 (thousands)



Eighth: The Economic Situation in WB and GS

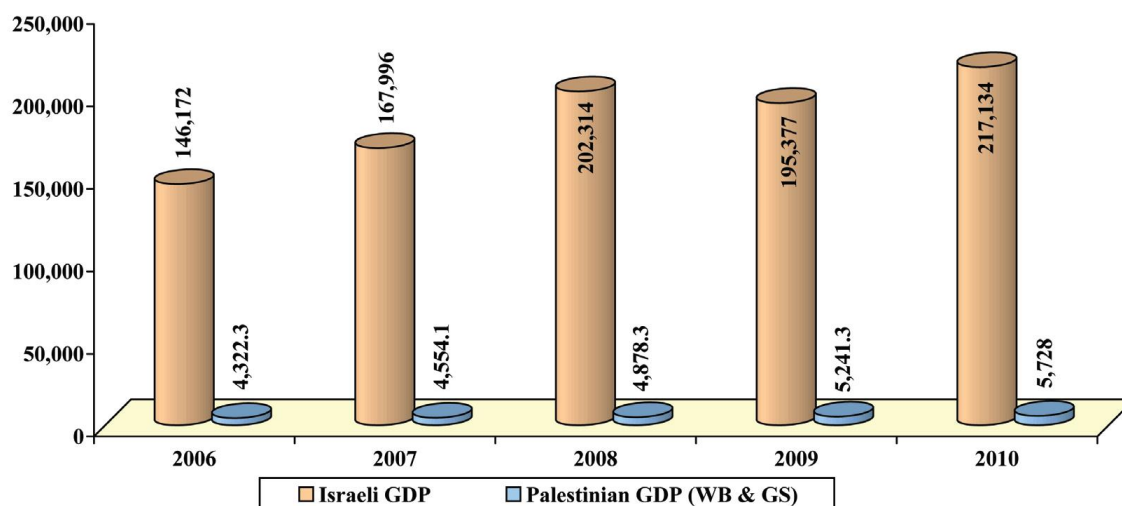
In 2010, the Palestinian economy in WB and GS has remained directly subservient to the Israeli economy, and isolated from the world at large, because of the Israeli control of all international Palestinian exits. The Palestinian external trade is largely conducted with Israel (76% of the overall foreign trade of the PA) and is mainly concentrated in the import operations while the export operations are very limited. Hence, the Palestinian economy suffers much harm from this trade policy which has reduced international commodity exchange to importing products mostly from Israel.

Moreover, the Palestinian economy continued to suffer from the siege and the imposed closure of the crossings with GS for about four years. Three out of the four commercial crossings were totally and permanently closed, and only one was allowed to function, namely Karm Abu Salim, which is itself sometimes exposed to shut down under different pretexts.

A study of the Palestinian economic indicators in WB and GS shows that the GDP had considerably grown by 9.3% in 2010, i.e., it increased from \$5,241 to \$5,728 million in 2009 and 2010 respectively. But it is worth noting that the GDP of the WB (inhabited by 62% of the Palestinians) represented the greater part of the GDP in the WB and GS, as it amounted to 76.5% in 2010 compared to 23.5% in the GS (inhabited by 38% of the Palestinians). This means that the GS share in the GDP is low especially when compared to the total population in the WB and GS. Various factors caused this discrepancy, mainly the siege, schism, the large disparity in the population size between the two, their workforce, land and natural resources. It is striking that a negative growth rate of 3.6% was recorded in Q3 2010 in the WB as compared to that of Q2 2010, while the growth rate increased by 10% in the GS over the same period. Despite the siege, high growth was achieved after Israel was forced to take additional measures to ease the access

restrictions that it had imposed on GS, in a partial or limited way. These measures followed Israel's attack on the Freedom Flotilla in late May 2010.

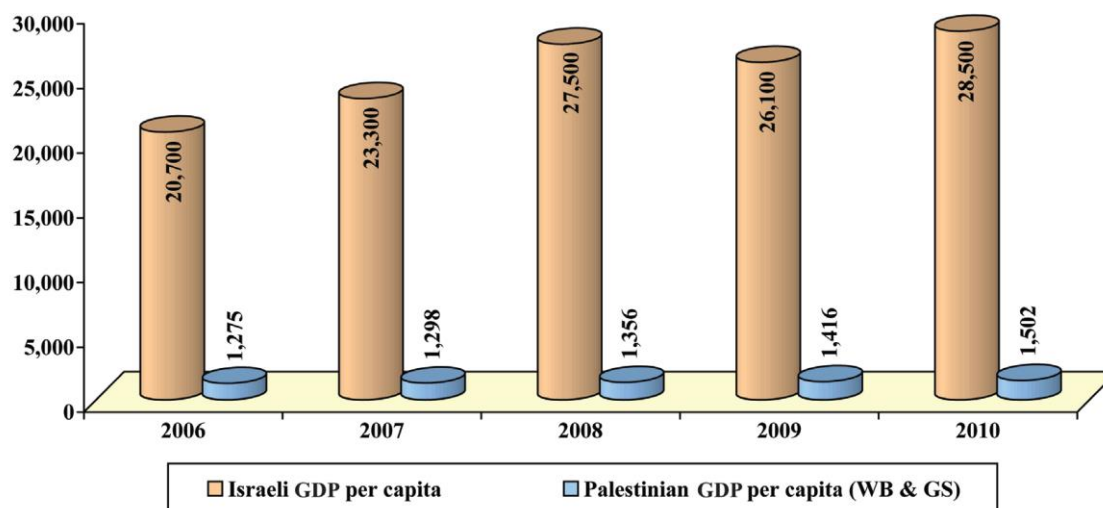
Comparing the Israeli and Palestinian GDP 2006–2010 (\$ million)



The GDP per capita in WB and GS totaled about \$1,502 in 2010, compared to around \$1,416 in 2009, thus growing by about 6.1%. The discrepancy between the two regions in this indicator is also clear, as the per capita income in WB was \$1,925, compared to \$877 in GS.

Though this growth is generally a positive development, its association with continuous foreign funding and high rates of unemployment do not indicate substantial growth. For the percentage of unemployment in 2010 totaled 23.7%, compared to 24.8% in 2009. However, we should note that the unemployment figures in GS were more than double their counterpart in WB: 37.8% in the Strip, compared to 17.2% in WB. However, unofficial figures estimate the unemployment rate in GS as high as around 60%.

Comparing the Israeli and Palestinian GDP per Capita 2006–2010 (\$)



The total revenue of the PA increased in 2010 by about 22.8%, compared to the previous year, 2009, i.e., from \$1,548 to \$1,901 million in 2009 and 2010 respectively. But the net domestic revenue did not exceed \$658 million, i.e., 34.6% of the total net revenues (compared to 29.6% in 2009), while the rest (65.4%) was acquired from clearance revenues via import and export transactions collected by the Israeli government, which increased from \$1,090 to \$1,243 million in 2009 and 2010 respectively, i.e., by 14%.

The total expenditures of the PA in 2010 totaled \$2,983 million, compared to \$2,920 million in 2009, i.e., a 2.2% increase. Expenditure on wages and salaries for 2010 totaled \$1,564 million, i.e., 52.4% of the total expenditure, compared to \$1,423 million in 2009, i.e., 48.7% of the total expenditure for that year.

If we exclude the PA's external budgetary support and development financing in 2010, then the budget deficit totaled \$1,082 million, compared to \$1,372 million in 2009. But if we include these subsidies, which totaled \$1,277 million in 2010, then there will be a budgetary surplus of \$195 million for this year, compared to \$30 million in 2009, when the external funds were \$1,042 million. This demonstrates that external subsidies had decreased by around 9%.

Evolution of Budgetary Surplus or Deficit of the PA, 2009–2010 (\$million)

Fiscal operation	2009	2010
Total net revenues	1,548	1,901
Total expenditures and net lending	2,920	2,983
Balance	–1,372	–1,082
External budgetary support & development financing	1,402	1,277
Final balance	30	195

Generally, the contributions of the industrial and agricultural sectors in the overall local product had retracted since 1999. For the contribution of the former reduced from 14.5% in 1999 to 12.3% in 2010, and that of the latter retracted during the same period from 10.4% to just 6.3%. It is noteworthy that during this period the industrial sector had negligibly grown by not more than 0.7%, while its agricultural counterpart experienced a noticeable regression by about 2.4% during the same period.

However, a substantial and meaningful economic growth in 2011 is unlikely because of the ongoing extreme Israeli measures that aim at the curtailment of the Palestinian economy and the continuation of its subservience to the Israeli economy. These measures are mainly the Israeli GS siege, and the restrictions on the mobility of goods and individuals in all Palestinian territories, notwithstanding their relative relaxation in the case of WB.